

United States House of Representatives Natural Resources

Committee

Subcommittee on Energy and Mineral Resources Field Hearing - Oil and Gas Development:
Impacts on Air Pollution and Sacred Sites

Honorable Raul M. Grijalva, Chair

New Mexico State Capitol, 490 Old Santa Fe Trail, Santa Fe, N.M. 87501

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Full Written Statement

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The Struggle to Hold Industry & Government Accountable for Methane

Emissions in the San Juan Basin

On February 7, 2018, my wife Jane and I received a "courtesy" notice from Hilcorp Energy

Company (Hilcorp) that they would be "recompleting" an existing natural gas well on our Bureau

of Land Management (BLM) grazing allotment.

Like most of the 122 wells on and immediately

surrounding our Devil's Spring Ranch grazing

allotment #05098, this well, SAN JUAN 28-6 UNIT 127

(well #127) produces federal minerals from a federal

surface. Jane and I are intimately familiar with

notifications of grazing allottees, or landowners, and

the "onsite" meetings that routinely follow the

notifications. We have been to dozens of onsite

meetings over the past 20 years, both on behalf of our

ranch and for other ranchers and landowners in

northern New Mexico.

However, we were puzzled by the notice and its use of the use of the words "courtesy" and

"recompletion." Hilcorp must pass through the locked gates of our deeded land to access this

well, so it is not a "courtesy" but a requirement that we be notified and we were unclear what a

recompletion process would entail. We learned that Hilcorp intended to begin well site preparations at once and we requested that an onsite meeting be scheduled immediately.

Industry & Regulators Can Cooperate with Landowners

Hilcorp's predecessors, Burlington Resources and ConocoPhillips had completed and fracked

numerous new wells on our ranch. In 2008, with the cooperation of the Farmington Field Office

(FFO) of the BLM, ConocoPhillips and our ranch agreed to numerous conditions of well completion and fracking regarding surface use, roads, re-vegetation and, notably, the use of

"green completions" to minimize the impact of methane emissions that are released in the well

completion and fracking process. Between 2008 and 2012, ConocoPhillips completed and fracked 22 wells on our ranch, in each case honoring the conditions we had mutually agreed to, including green completions.

What Is Lost When They Don't

So when we met with Hilcorp employees on February 20 and learned that a recompletion effectively meant completing and fracking an existing well bore to create a new well in a different formation, in this case the Blanco Mesaverde formation, we were dismayed when Hilcorp employees told us that the conditions that ConocoPhillips and BLM had agreed to previously, including green completion, would not be followed. (Hilcorp purchased ConocoPhillips San Juan Basin assets in late 2017, and we assumed they would honor agreements made with landowners). We were further dismayed that there was no BLM representative on site even though a new formation was to be completed and fracked, and even though the well pad and roads would be highly impacted.

We immediately engaged the BLM FFO to ask that they participate, just as they had when each

new well has been fracked and completed on our ranch over the last 20 years. BLM FFO repeatedly claimed that they had no responsibility for recompletions despite the fact that the

proposed completion and fracking of the Blanco Mesaverde formation would create a new stream of gas production with an estimated life of 30 years. This new Blanco Mesaverde production stream would have exactly the same emissions and waste impacts, the same impacts from 24-hour/day operations including traffic, liquid by-products, methane emissions

and waste, and the same noise and nuisance that any newly drilled well would have.

Hilcorp ultimately did not recomplete well #127 and instead proceeded to recomplete the nearby

SAN JUAN 28-6 UNIT 143, also on our federal grazing allotment, without first resolving any of

our concerns. At the onsite meeting, we raised the same objections, emphasizing the need for

green completion. Several days later we learned that the recompletion process had already

begun and the fracking was underway. We scrambled to the well site to reiterate our objections

and were told that Hilcorp would have no further contact with us regarding the recompletion of

well #143.

BLM FFO repeatedly referred us to the New Mexico Oil Conservation Division (OCD) as the agency responsible for issuing permits for the recompletions, and the party responsible for

methane emissions as well. After extensive research in the OCD District 3 office in Aztec, NM,

and in the OCD state office in Santa Fe, we located the OCD Gas Capture Plan for both well

#127 and well #143, as well as the permits allowing the recompletions. The OCD Gas Capture

Plan permit form states, "The Gas Capture Plan outlines actions to be taken by the Operator to

reduce well/production facility flaring/venting for new completion (new drill, recomplete to a new

zone, re-frac) activity."

Gas Capture Plan Captures No Gas

In each case, and in a later larger survey of 54 OCD Gas Capture Plans, we learned that no gas was captured and instead was specified to be either flared (well #127) or vented (well #143). In each case, the amount of methane released was estimated at the time the Plan was issued, but no attempts were made to determine the actual volume released.

This practice of planned methane venting and flaring was exactly what we had sought to avoid in the conditions for new completions and fracking that our ranch had reached with BLM and ConocoPhillips back in 2008. The green completion process lessened or prevented methane emissions for the 22 wells that were completed and fracked on our ranch during that period.

Unable to get any enforcement from the BLM or OCD, we pursued the New Mexico Environment Department (NMED), who also declined any responsibility, stating that New Mexico "lacked EPA enforcement authority," and referred us to Environmental Protection Agency (EPA) Region 6 in Dallas. Despite repeated attempts, we were unable to get past the

initial voicemail at Region 6 and began cold-calling various EPA offices around the US and in

Washington, DC until we were able to get a referral and phone number within EPA Region 6.

That contact did not prove helpful.

Green Completions

Eventually, one of the messages left at EPA Air Enforcement in Washington, DC did result in a

contact and with the assistance of Senator Heinrich's office, we were able to secure a meeting

at EPA headquarters in DC. Several members of the Air Enforcement Team were present and the Region 6 Air Enforcement team joined the meeting electronically. At that point in March of

2018, it was clear to Jane and I that, pursuant to EPA Rule 40 CFR Part 60 Subpart OOOOa

regarding methane emissions, Hilcorp was in violation of the Clean Air Act for failure to capture

methane emissions, regardless of what responsibility the BLM or NMED denied, or what responsibility OCD accepted. As EPA described the rule: "The rule requires that significant

emissions reduction be accomplished primarily through the use of a proven process known as a

"reduced emissions completion" or "green completion." This process is estimated to reduce

methane and VOC emissions by 95 percent" (EPA 2016).

Over the course of the following 6 months, Jane and I received extensive assistance from the San Juan Citizens Alliance (SJCA) and we had numerous additional meetings in DC with EPA and Senators Udall and Heinrich, Congressman Lujan, then Representative Lujan Grisham and their staffs on the subject of methane emissions from sources such as the Hilcorp recompletions and other drilling and production activity including leaking, venting and flaring. We continued to meet with the BLM, including in DC to press for them to exercise their authority over the management of federal lands. We met with OCD in Santa Fe to try and rectify the emissions problems caused by a methane gas capture plan that captures no methane gas.

The response from our New Mexico Delegation, including members of this Committee, was consistent and coordinated support in trying to obtain constructive responses from BLM and

EPA. Our delegation encouraged us to continue to hold Hilcorp and both federal and state

agencies accountable for methane emissions in the San Juan Basin.

EPA and NMED Step In

On October 29, 2018, 234 days after our initial contact, EPA issued a Clean Air Act (CCA) 114(a) Information Request to Hilcorp with a deadline of January 15, 2019 to answer. That deadline was postponed due to the government shutdown and we don't know what answers were given by Hilcorp to the EPA. However, on March 14, 2019, NMED issued a Notice of Violation to Hilcorp relative to

methane emissions from recompletion operations. The accompanying press release said, in part:

"NMED is committed to assuring the oil and natural gas industry's compliance with rules and permits," said NMED Secretary James Kenney, "This creates a level playing field among operators while ensuring public health and environmental protections." "Failure to comply with these provisions of state and federal air quality laws can lead to uncontrolled emissions of volatile organic compounds (VOCs), which contribute to the formation of ground-level ozone and hazardous air pollutants (HAPs). A collateral benefit of complying with these laws is the reduction of methane emissions. Methane, the key constituent of natural gas, is a potent greenhouse gas with a global warming potential more than 84 times greater than that of carbon dioxide, according to the Intergovernmental Panel on Climate Change. A primary source of methane emissions in New Mexico comes from the production, transmission and distribution of oil and natural gas".

NMED and the EPA are working collaboratively and requiring Hilcorp to submit additional data on each of its oil and natural gas production facilities in New Mexico to determine its compliance. Hilcorp Energy Company has 10 days to reply to NMED and EPA."

Government Engagement; Community Support

Our great thanks goes out to NMED and Secretary Kenney, to the EPA Air Enforcement teams

in Washington and Dallas, to our entire New Mexico Delegation and their staffs, and especially

to Governor Michelle Lujan Grisham, for their dedication, and patience, to hold federal and state

agencies, and oil companies, accountable for the methane emissions that have been impacting

our state for almost 100 years and have left us with a methane hotspot visible from space. A

special thanks as well to San Juan Citizens Alliance, Earthworks, the Environmental Defense

Fund, and the Western Environmental Law Center. We are grateful to State Land Commissioner

Stephanie Garcia Richard and her staff, and Energy Secretary Sarah Cottrell Propst and her

staff.

However...

However, despite all the goodwill and hard work and progress that has brought us to this

hearing today, not a single molecule of methane has been stopped from venting or flaring as a

result of Hilcorp's recompletion activities. The NMED Notice of Violation cites a single well, not

one we're familiar with, yet Hilcorp has recompleted dozens of wells in Rio Arriba and San Juan

counties, and continues to do so, since the first example we encountered back in January of

2018.

Nor has the BLM assumed responsibility for the recompletion process, content to allow the

operator to file a Sundry Notice, Form 3160-5, the same Notice required for a minor repair or

routine maintenance. Of all the recompletion well sites that Jane and I surveyed not a single

one was within BLM performance standards. Exposed pipelines, exposed electrical, eroding

well sites and roads, failed reclamations, weeds, loss of surface water are but a few examples.

OCD continues to issue Gas Capture Plans that capture no gas. As of November 2018, OCD had issued 70 no-gas-capture plans to Hilcorp. More may have been issued since that time.

Along with SJCA, we conducted a survey of Hilcorp recompletion methane emissions for 54 wells and found that the estimated cumulative emissions from the first day of each well totalled

22,008 MCF. Recompletions remain a key focus of Hilcorp's San Juan Basin business plans and they own thousands of wells that are candidates for recompletion.

We Are Impacted Every Day

So it is with a sense of urgency that we

implore our federal government to

reinstate the protections of the EPA and

BLM methane waste rules. For our

Senators and Representatives that have

been striving on behalf of clean air you

have our sincere thanks, but we must ask

you to do more. The gas wells of the San

Juan Basin pollute every hour of every

day. With all the talented and willing

career employees we've encountered at both agencies, we believe corrective actions can be

taken now. Governor Lujan Grisham has kept a campaign promise to make methane emissions a focus of her administration and signed an executive order with Secretary Kenney and Secretary Propst to address methane waste and their report is due in September. But we

must

ask that the agencies responsible for regulating methane emissions here in New Mexico redouble their efforts to protect our families now from the proven harmful effects methane

pollution and the destructive impacts that oil and gas development and production has, and has

always had, on our state's lands and people.

So Many Voices Are Unheard

We would ask that the Committee please take time to consider the amount of collective effort

that it has taken to arrive at NMED's Notice of Violation to Hilcorp this March - and our struggle

is far from over. It has taken over a year of concerted effort by Jane and I who, after so many

years here in New Mexico have every advantage in terms of trying to oppose an oil company's

practices or a government agency's policies. We have education, lifetimes of political involvement, we have friends in the press, we have the support of local and national environmental organizations, we have a thorough understanding of oil and gas operations, we

are retired and financially secure, we have cell phone and internet availability, we are healthy.

Imagine the challenges for those trying to engage industry and government regarding methane

emissions with far less resources; anyone outside the political system, those without access to

education or long lists of connections both here in the state and in DC, those who do not

understand oil and gas operations, or who are new to complex negotiations with industry, those

with the responsibilities of children or elderly parents, anyone with a job.

On their behalf, we ask that both our federal and state governments be open and accessible

and responsive to them and recognize their needs and concerns and problems with the same

level of interest and commitment that the needs and concerns and problems of the oil and gas

companies are awarded.

"The land marks are still in place. The sacred places still tell us to stand, to speak."

~ Daniel Tso, Navajo Nation Council Delegate, with permission.

Citations:

United States Environmental Protection Agency (EPA). 2016. Summary of Requirements for Processes and Equipment at Oil Well Sites. Available at:

<https://www.epa.gov/sites/production/files/2016-10/documents/nsps-oil-well-fs.pdf>